

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STEVEN M. GALLAGHER, a/k/a “Alexander
Delarge 655321,”

Defendant.

No. 1:21-cv-8739-PKC-GWG

ORDER MODIFYING PRELIMINARY INJUNCTION ORDER

WHEREAS, the Court previously entered an Order to Show Cause and Temporary Restraining Order on October 26, 2021 (“TRO”) (DE 11), temporarily enjoining the Defendant from violating certain provisions of the securities laws and freezing certain of his assets; and

WHEREAS, on November 5, 2021, the Court subsequently granted the parties’ request to modify the TRO with respect to the frozen assets held in the accounts of Fifth Third Bank ending in x7581 and x1634, for CMS of Holland Inc. (“CMS”), and the Gallagher Group Ltd. (“Gallagher Group”), such that account x7581 was to be used for CMS’s ordinary and necessary business needs and account x1634 was to be used for the necessary operations and functions of the Gallagher Group (DE 17);

WHEREAS, on November 30, 2021, the Court entered a Stipulated Preliminary Injunction Order (the “PI Order”) (DE 21), whereby the parties agreed to entry of an Order preliminarily enjoining the Defendant from violations of certain provisions of the federal securities laws, and freezing the Defendant’s assets up to \$6.9 million, pending a final disposition of this case, except for certain carve-outs permitting the Defendant to access and use

certain assets as specified therein, including for business expenses, living expenses, educational expenses and legal fees;

WHEREAS, on March 23, 2022, the Court modified the asset freeze to permit the Defendant and his wife Kristen Gallagher to sell securities held in certain frozen brokerage accounts, subject to certain conditions specified therein (DE 36);

WHEREAS, on June 30, 2022, the Court held a hearing on Defendant's motion to modify the PI Order to vacate the asset freeze in its entirety; and

WHEREAS, at the conclusion of the June 30, 2022 hearing, the Court denied the Defendant's motion to vacate the asset freeze, but ordered that the PI Order be modified to freeze the Defendant's assets in an amount up to \$3,172,990.00, pending final disposition of this case;

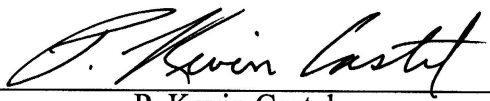
WHEREAS, on July 12, 2022, the Court modified the PI Order to freeze the Defendant's assets in an amount up to \$3,172,990.00, pending final disposition of this case (DE 66);

WHEREAS, the Court received a letter on November 17, 2023, which indicated that the parties had come to an agreement regarding an additional proposed modification to the PI Order, such that:

- The Defendant can use the funds in the Citibank accounts ending x7455 and x3678 (the "Citibank Accounts") to pay Defendant's outstanding tax bill.
- The Defendant will not make any arguments to the Court that the asset freeze should be modified under *SEC v. Govil*, 2023 WL 7137291 (2d Cir. Oct. 31, 2023), from now until a final judgment is entered in this action, except for good cause shown, and in no instance prior to June 1, 2024. The Defendant reserves his rights to assert any and all arguments, including *Govil*-related arguments, related to any potential disgorgement in this matter, if any.

NOW, THEREFORE, IT IS HEREBY ORDERED that the PI Order is modified to allow the Defendant to use the funds in the Citibank Accounts solely to pay his outstanding tax bill dated June 6, 2022 from the Internal Revenue Service. It is further ordered that the Defendant cannot use the funds in the Citibank Accounts for any other purpose. It is further ordered that, based on the parties' agreement, that the Court will not entertain any arguments from the Defendant that the asset freeze in this case should be lifted based in whole or in part on *SEC v. Govil*, 2023 WL 7137291 (2d Cir. Oct. 31, 2023) except for good cause shown, and in no instance prior to June 1, 2024. Except for the modification set forth above as to the Citibank Accounts, all other provisions of the PI Order (DE 21), as modified by the Court's March 23, 2022 Order (DE 36) and July 12, 2022 Order (DE 66), remain in effect.

SO ORDERED, this 17th day of November, 2023.



P. Kevin Castel
United States District Judge